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Sweden

Bio-Fuels

Sweden Fights to Import Cheap Ethanol 2008

Approved by:

Steve Huete, Agricultural Counselor
U.S. Embassy

Prepared by:

Bettina Dahlbacka

Report Highlights:

On February 4, 2008, the EU approved Sweden's application for permission to continue to import ethanol for processing into biofuels E85 and E95 at a low tariff rate. The decision was good news for about 89,000 Swedish car owners who drive ethanol cars.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Stockholm [SW1]
[SW]

On February 4, 2007, the Swedish Government published the following press release:

"Today the EU approved Sweden's application for permission to continue to import ethanol for processing into biofuel. This means the feared tariff increase of over 30 per cent that would have followed from a negative decision, and would have affected the 89,000 car owners who drive ethanol cars, will not materialize."

"I welcome this decision, which makes it possible for E85 and E95 prices to remain competitive. The decision shows an understanding of the situation in Sweden, where the market for environmentally friendly vehicles is growing rapidly, and bears witness to a realization of the measures required to reach the climate goals we have jointly set," says Minister for Trade Ewa Björling."

"The decision indicates that we have gained a hearing for the overall Swedish line on the development and climate advantages of low tariffs on biofuels. We will now continue to work in the EU and the WTO to bring about more general tariff reductions on climate-friendly goods and services."

"It was the EU Customs Code Committee that voted this afternoon to approve Sweden's application for permission to import ethanol for processing into the biofuels E85 and E95."

To read the full press release, please go to <http://www.sweden.gov.se/sb/d/10021/a/97347>

This approval concerns Swedish imports of Brazilian agricultural ethanol intended for blending into the fuel E85/E95. Sweden received permission to apply the lower tariff that a chemical product carries and blend the imported ethanol with the chemicals in Sweden. Currently, the import to the European Union of agricultural ethanol from a country outside of the EU is burdened by high tariffs.

This approval goes against several other EU countries wish to treat ethanol from third countries as an agricultural commodity levying high tariffs. The reason for this has been to protect the developing EU biofuel industry.

Brazilian ethanol production from sugar cane is cheaper and considered more CO₂-efficient than ethanol from cereal. Sweden has invested largely in promoting E85 as an alternative biofuel and believes that cheaper biofuels benefits both the climate and consumers.